

Testimony to the Higher Education & Employment Advancement Committee

2009 SB809

By Patricia Torres, Education Director
Construction Education Center, Inc.

As a representative of the Private Occupational School community, I would like to thank the Committee for creating this forum and the opportunity to express our thoughts and concerns.

My name is Patricia Torres and I am the Education Director for the Construction Education Center. We are a small private occupational school providing training for the construction industry through programs like related instruction courses for construction apprentices, professional development programs which enhance the skills of those working out in the field, safety courses that expand awareness of the hazards on construction sites, and CT license prep instruction to assist apprentices in passing the state license exams for required trades.

The Construction Education Center, a non profit, has been incorporated since July of 2006 and immediately engaged the process of becoming a private occupational school recognized by the Commissioner of Higher Education. We received our initial approval in January 2007. Our organization is small, with an operating budget of less than \$500,000 per year. As with all organizations, any change in our fixed expenses directly impacts our performance.

Currently, the Department of Higher Education allows either reviewed or audited financial statement each year as part of the renewal process. This choice to have either saves our organization in expenses. It is our understanding that the difference between the two types of reporting methods can be as high as \$10,000.

Audit vs. Review

There are differences between the objectives of an audit of financial statements in accordance with generally accepted auditing standards and the objectives of a review in accordance with statements on standards for accounting and review services. The objective of an audit is to provide a reasonable basis for expressing an opinion regarding the financial statements taken as a whole. A review does not provide a basis for the expression of such an opinion because a review does not contemplate obtaining an understanding of the internal control structure or assess control risk, tests of accounting records and of responses to inquiries by obtaining corroborating evidential matter through inspection, observation or confirmation, and certain other procedures ordinarily performed during an audit. A review may bring to the accountant's attention significant matters affecting the financial statements, but it does not provide assurance that the accountant will become aware of all significant matters that would be disclosed in an audit.

We feel that the option of having a review combined with the ratio and review process currently employed by the Department of Higher Education enables the department to understand the financial standing of the occupational school. This process also assists smaller, budding organizations to provide educational services that serve niche markets in the training industry.

In summary, we urge the Committee to **not** support SB 809 which would require audited financials only to be submitted by private occupational schools.